

**UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF PUERTO RICO**

In re:
THE FINANCIAL OVERSIGHT AND
MANAGEMENT BOARD FOR PUERTO RICO,

as representative of

THE COMMONWEALTH OF PUERTO RICO, *et al.*,

Debtors.¹

PROMESA
Title III

No. 17 BK 3283-LTS

(Jointly Administered)

**This filing relates to the
Commonwealth.**

**REPLY OF THE COMMONWEALTH OF PUERTO RICO
TO RESPONSES FILED TO FIFTY-SIXTH OMNIBUS
OBJECTION (NON-SUBSTANTIVE) TO DUPLICATE BOND CLAIMS**

To the Honorable United States District Judge Laura Taylor Swain:

The Commonwealth of Puerto Rico (“Commonwealth”), by and through the Financial Oversight and Management Board for Puerto Rico (the “Oversight Board”), as the representative of the Commonwealth pursuant to Section 315(b) of the *Puerto Rico Oversight, Management, and Economic Stability Act* (“PROMESA”),² files this reply (the “Reply”) in support of the *Fifty-Sixth Omnibus Objection (Non-Substantive) of the Commonwealth of Puerto Rico to Duplicate Bond Claims* [ECF No. 7248] (the “Fifty-Sixth Omnibus Objection”). In support of this Reply, the Commonwealth respectfully represents as follows:

¹ The Debtors in these Title III Cases, along with each Debtor’s respective Title III case number and the last four (4) digits of each Debtor’s federal tax identification number, as applicable, are the (i) Commonwealth of Puerto Rico (the “Commonwealth”) (Bankruptcy Case No. 17 BK 3283-LTS) (Last Four Digits of Federal Tax ID: 3481); (ii) Puerto Rico Sales Tax Financing Corporation (“COFINA”) (Bankruptcy Case No. 17 BK 3284-LTS) (Last Four Digits of Federal Tax ID: 8474); (iii) Puerto Rico Highways and Transportation Authority (“HTA”) (Bankruptcy Case No. 17 BK 3567-LTS) (Last Four Digits of Federal Tax ID: 3808); (iv) Employees Retirement System of the Government of the Commonwealth of Puerto Rico (“ERS”) (Bankruptcy Case No. 17 BK 3566-LTS) (Last Four Digits of Federal Tax ID: 9686); and (v) Puerto Rico Electric Power Authority (“PREPA” and together with the Commonwealth, COFINA, HTA, and ERS, the “Debtors”) (Bankruptcy Case No. 17 BK 4780-LTS) (Last Four Digits of Federal Tax ID: 3747) (Title III case numbers are listed as Bankruptcy Case numbers due to software limitations).

² PROMESA is codified at 48 U.S.C. §§ 2101–2241.

1. On June 6, 2019, the Commonwealth filed the Fifty-Sixth Omnibus Objection seeking to disallow certain proofs of claim that are duplicative of one or more master proofs of claim asserted against the Commonwealth on behalf of the holders of certain bonds (collectively, the “Duplicate Bond Claims”), each as listed on Exhibit A thereto. As set forth in the Fifty-Sixth Omnibus Objection and supporting exhibits thereto, each of the Duplicate Bond Claims asserts liabilities associated with one or more bonds that is duplicative of one or more Master Claims,³ which were filed in the Commonwealth Title III Case by the fiscal agent and/or trustee for certain bonds issued by AFICA, the Children’s Trust, ERS, HFA, HTA, PRASA, PBA, PRCCDA, PRIDCO, PRIFA, PRPFCCA, PRMFA, and UPR.

2. Any party who disputed the Fifty-Sixth Omnibus Objection was required to file a response by 4:00 p.m. (Atlantic Standard Time) on July 9, 2019, in accordance with the Court-approved notice attached to the Fifty-Sixth Omnibus Objection as Exhibit C, which was served in English and Spanish on the individual creditors subject to the Fifty-Sixth Omnibus Objection, the U.S. Trustee, and the Master Service List (as defined in the *Order Further Amending Case Management Procedures* [ECF No. 7115]). *See Certificate of Service* [ECF No. 7382].

3. Four responses to the Fifty-Sixth Omnibus Objection were interposed: the *Opposition to Fifty-Sixth Omnibus Objection (Non-Substantive) of the Commonwealth of Puerto Rico to Duplicate Bond Claims* [ECF No. 7286] (the “CoopAEE Response”), dated July 2, 2019 [ECF No. 7786], filed by the Cooperativa de Ahorro y Crédito de Empleados de la Autoridad e Energía Eléctrica (“CoopAEE”); the *Opposition to Fifty-Sixth Omnibus Objection (Non-Substantive) of the Commonwealth of Puerto Rico to Duplicate Bond Claims* [ECF No. 7286] (the

³ Capitalized terms not otherwise defined herein shall bear the meanings set forth in the Fifty-Sixth Omnibus Objection.

“Caparra Coop Response”), dated July 2, 2019 [ECF No. 7787], filed by the Cooperativa de Ahorro y Crédito de Caparra (“Caparra Coop”); the *Opposition of Creditors Ariel Ferdman and Fe-Ri Construction, Inc., to Entry of Order on Fifty-Sixth Omnibus (Non-Substantive) of the Commonwealth of Puerto Rico to Duplicate Bond Claims; and Motion Craving Oyer*, dated July 9, 2019 [ECF No. 7878] (the “Ferdman and Fe-Ri Response”), filed by creditors Ariel Ferdman (“Ferdman”) and Fe-Ri Construction, Inc. (“Fe-Ri”); and the response (the “Gonzalez Response”), dated July 9, 2019 [ECF No. 8012], filed by Evelyn Martino Gonzalez (“Gonzalez”).

I. The CoopAEE Response

4. CoopAEE filed a proof of claim against the Commonwealth on May 25, 2018, and it was logged by Prime Clerk as Proof of Claim No. 24609 (the “CoopAEE Claim”). See Fifty-Sixth Omnibus Objection, Exhibit A, line 42. The CoopAEE Response does not dispute that the CoopAEE Claim is duplicative of one or more master proofs of claim. Rather, it states that “the proof of claim was not subsequently amended or superseded by a new proof of claim,” and that “the Prime Clerk System shows only one claim registered [the CoopAEE Claim].” CoopAEE Resp. at 2.

5. As set forth in the Fifty-Sixth Omnibus Objection, the CoopAEE Claim included documentation regarding bonds issued by the PRPFC bearing CUSIP number 745291VD3, which is a Puerto Rico Public Finance Corporation Series 2012A bond.⁴ The U.S. Bank Trust National Association, as Trustee for the Puerto Rico Public Finance Corporation (Commonwealth Appropriation Bonds) Series 2011A and B bonds and Series 2012A bonds (“PRPFC Bonds”), filed a master proof of claim on behalf of holders of PRPFC Bonds, and it was logged by Prime Clerk

⁴ See <https://emma.msrb.org/Security/Details/A110472CB30E0DE3565B150B9746807EB>.

as Proof of Claim No. 13374 (the “PRPFC Master Claim”). The CoopAEE Claim therefore asserts liabilities associated with a bond issued by PRPFC and is duplicative of a PRPFC Master Claim.

6. Any failure to disallow the CoopAEE Claim will result in CoopAEE potentially receiving an unwarranted double recovery against the Commonwealth, to the detriment of other stakeholders in the Commonwealth Title III Case. Moreover, CoopAEE will not be prejudiced by the disallowance of the CoopAEE Claim, because the liabilities associated with the CoopAEE Claim are subsumed within a PRPFC Master Claim.

II. The Caparra Coop Response

7. Caparra Coop filed a proof of claim against the Commonwealth on May 25, 2018, asserting liabilities associated with bonds bearing CUSIP number 745291VC5, and it was logged by Prime Clerk as Proof of Claim No. 22203 (the “First Caparra Coop Claim”). *See* Fifty-Sixth Omnibus Objection, Exhibit A, line 38. Also on May 25, 2018, Caparra Coop filed another proof of claim against the Commonwealth, asserting liabilities associated with bonds bearing CUSIP number 745291VA9 (the “Second Caparra Coop Claim”), and together with the First Caparra Coop Claim, the “Caparra Coop Claims”), and it was logged by Prime Clerk as Proof of Claim No. 22340. *See* Fifty-Sixth Omnibus Objection, Exhibit A, line 41. The Caparra Coop Response does not dispute that the Caparra Coop Claims are duplicative of one or more master proofs of claim. Rather, it states that the Caparra Coop Claims were subsequently amended by other claims filed by Caparra Coop. Caparra Coop Resp. at 2.

8. As set forth in the Fifty-Sixth Omnibus Objection, the Caparra Coop Claims included documentation regarding bonds issued by the PRPFC bearing CUSIP numbers 745291VC5 and 745291VA9, which are Puerto Rico Public Finance Corporation Series 2012A

bonds.⁵ The U.S. Bank Trust National Association, as Trustee for the Puerto Rico Public Finance Corporation (Commonwealth Appropriation Bonds) Series 2011A and B bonds and Series 2012A bonds (“PRPFC Bonds”), filed a master proof of claim on behalf of holders of PRPFC Bonds, and it was logged by Prime Clerk as Proof of Claim No. 13374 (the “PRPFC Master Claim”). The Caparra Coop Claims therefore assert liabilities associated with bonds issued by PRPFC and are duplicative of a PRPFC Master Claim.

9. Any failure to disallow the Caparra Coop Claims will result in Caparra Coop potentially receiving an unwarranted double recovery against the Commonwealth, to the detriment of other stakeholders in the Commonwealth Title III Case. Moreover, Caparra Coop will not be prejudiced by the disallowance of the Caparra Coop Claims, because the liabilities associated with the Caparra Coop Claims are subsumed within a PRPFC Master Claim.

III. The Ferdman and Fe-Ri Response

10. Ferdman filed a proof of claim against the Commonwealth on June 28, 2018, and it was logged by Prime Clerk as Proof of Claim No. 74279 (the “Ferdman Claim”). *See* Fifty-Sixth Omnibus Objection, Exhibit A, line 79. The Ferdman Claim asserts liabilities arising from bonds bearing CUSIP number 745211LH3, which is a bond issued by the Puerto Rico Industrial Development Company (“PRIDCO”), Series 2003. Also on June 28, 2018, Fe-Ri filed a proof of claim against the Commonwealth, and it was logged by Prime Clerk as Proof of Claim No. 79940 (the “Fe-Ri Claim”). *See* Fifty-Sixth Omnibus Objection, Exhibit A, line 80. The Fe-Ri Claim also asserts liabilities arising from bonds bearing CUSIP number 745211LH3, a Series 2003 PRIDCO bond.

⁵ *See* <https://emma.msrb.org/Security/Details/A110472CB30E0DE3565B150B9746807EB>.

11. The Ferdman and Fe-Ri Response states that neither Ferdman nor Fe-Ri has “received from any source evidence that ‘Master Claims’ . . . included either” the Ferdman Claim or the Fe-Ri Claim. Ferdman and Fe-Ri Resp. at 3.

12. As set forth in the Fifty-Sixth Omnibus Objection, the U.S. Bank Trust National Association, in its capacity as successor Trustee for PRIDCO General Purpose Revenue and Refunding Revenue Bonds Series 1997A and Series 2003, filed a master proof of claim on behalf of holders of Series 2003 PRIDCO Bonds, and it was logged by Prime Clerk as Proof of Claim No. 13445 (the “PRIDCO Master Claim”). The Ferdman and Fe-Ri Claims therefore assert liabilities associated with bonds issued by PRIDCO and are duplicative of a PRIDCO Master Claim.

13. Any failure to disallow the Ferdman and Fe-Ri Claims will result in Ferdman and/or Fe-Ri potentially receiving an unwarranted double recovery, to the detriment of other stakeholders in the Commonwealth Title III Case. Moreover, neither Ferdman nor Fe-Ri will be prejudiced by the disallowance of the Ferdman and Fe-Ri Claims because the liabilities associated with the Ferdman and Fe-Ri Claims are subsumed within the PRIDCO Master Claim.

IV. The Gonzalez Response

14. Gonzalez filed a proof of claim against the Commonwealth on May 29, 2018, asserting liabilities associated with bonds bearing CUSIP number 745291VB7, and it was logged by Prime Clerk as Proof of Claim No. 27515 (the “Gonzalez Claim”). See Fifty-Sixth Omnibus Objection, Exhibit A, line 133.

15. The Gonzalez Response does not dispute that the Gonzalez Claim is duplicative of one or more master proofs of claim. Rather, it states that Gonzalez was informed by Prime Clerk

that “a master claim was made,” but that Gonzalez did not know “by whom or when.” Gonzalez Resp. at 1.

16. As set forth in the Fifty-Sixth Omnibus Objection, the Gonzalez Claim included documentation regarding bonds issued by the PRPFC bearing CUSIP numbers 745291VB7, which is a Puerto Rico Public Finance Corporation Series 2012A bond.⁶ The U.S. Bank Trust National Association, as Trustee for the Puerto Rico Public Finance Corporation (Commonwealth Appropriation Bonds) Series 2011A and B bonds and Series 2012A bonds (“PRPFC Bonds”), filed a master proof of claim on behalf of holders of PRPFC Bonds, and it was logged by Prime Clerk as Proof of Claim No. 13374 (the “PRPFC Master Claim”). The Gonzalez Claim therefore asserts liabilities associated with bonds issued by PRPFC and is duplicative of a PRPFC Master Claim.

17. Any failure to disallow the Gonzalez Claim will result in Gonzalez potentially receiving an unwarranted double recovery against the Commonwealth, to the detriment of other stakeholders in the Commonwealth Title III Case. Moreover, Gonzalez will not be prejudiced by the disallowance of the Gonzalez Claim, because the liabilities associated with the Gonzalez claim are subsumed within a PRPFC Master Claim.

Dated: July 17, 2019

Respectfully submitted,

San Juan, Puerto Rico

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⁶ See <https://emma.msrb.org/Security/Details/A110472CB30E0DE3565B150B9746807EB>.

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